

## Message Text

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PAGE 01 CARACA 01639 01 OF 02 221120Z  
ACTION ARA-14

INFO OCT-01 EUR-12 EA-10 ISO-00 CIAE-00 DODE-00 PM-05  
H-01 INR-10 L-03 NSAE-00 NSC-05 PA-01 SP-02  
SS-15 USIA-06 AID-05 TRSE-00 OMB-01 EB-08 DOE-11  
SOE-02 OES-07 DLOS-09 COME-00 /128 W  
-----115128 221127Z /11

R 171801Z FEB 78  
FM AMEMBASSY CARACAS  
TO SECSTATE WASHDC 1223  
INFO AMEMBASSY BOGOTA  
AMCONSUL CURACAO  
AMEMBASSY THE HAGUE  
AMEMBASSY MADRID  
AMEMBASSY TOKYO  
AMEMBASSY VIENNA  
USCINCLANT NORFOLK VA  
USCINCSO QUARRY HEIGHTS

LIMITED OFFICIAL USE SECTION 1 OF 2 CARACAS 1639

E.O. 11652: N/A  
TAGS: ENGR, PINS, PBOR, PEPR, PORS, SHUM, NA, NL, JA, SP, VE  
SUBJECT: THIS WEEK IN VENEZUELA

REF: CARACAS 1406 (NOTAL)

SUMMARY: REDUCED OIL PRODUCTION DRAWS INCREASED PUBLIC  
ATTENTION. SHOOTING DEATH OF STUDENT SPARKS DEMONSTRATIONS  
IN SEVERAL CITIES. JAPAN AND SPAIN CONTINUE ECONOMIC  
INITIATIVES IN VENEZUELA. MINISTER-PRESIDENT OF THE  
NETHERLANDS ANTILLES VISITS VENEZUELA AND ANNOUNCES  
AGREEMENT ON MARITIME BOUNDARIES. SUPREME COURT GRANTS  
TRANSFER OF VENUE IN CIFERRI MURDER TRIAL. END SUMMARY

1. REDUCED OIL PRODUCTION DRAWS INCREASED ATTENTION  
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PAGE 02 CARACA 01639 01 OF 02 221120Z

WITH PUBLIC AND PRESS ATTENTION INCREASINGLY FOCUSED  
ON THE CONTINUING LOW LEVEL OF VENEZUELAN OIL PRODUCTION,  
DOWN TO AN AVERAGE DAILY RATE OF 1.7 MILLION BARRELS SO  
FAR THIS YEAR OR 23 PERCENT BELOW THE 1977 RATE, THE  
GOVERNMENT REACTED WITH STRONG REASSURANCES THAT ALL IS  
WELL. THIS CULMINATED IN COMMENTS BY PRESIDENT PEREZ

FEBRUARY 15 TO THE EFFECT THAT:

(1) EXPORTS NOW EXCEED PRODUCTION AS THE INDUSTRY REDUCES LARGE INVENTORIES OF CRUDE OIL AND RESIDUAL FUEL OIL ACCUMULATED LATE LAST YEAR.

(W) AVERAGE EXPORTS FOR 1978 WILL NOT BE MORE THAN 50,000 BARRELS PER DAY BELOW LAST YEAR'S LEVELS,

(3) NO BUDGET CUTS ARE PLANNED AS A RESULT OF REDUCED OIL SALES, AND,

(4) FURTHER EFFORTS WILL BE MADE TO REDUCE UNNECESSARY IMPORTS.

COMMENT: THE GOV MAY BE OVER-REACTING, AS IS OFTEN THE CASE, AND THUS MAY COMPOUND THE PROBLEM. AS REPORTED BY THE PRESS, PEREZ APPARENTLY SAID THAT EXPORT SALES CURRENTLY AVERAGED 1.95 MILLION BARRELS PER DAY, ABOUT THE SAME AS LAST YEAR. WHILE STOCKS ARE BEING WORKED OFF AFTER HAVING REACHED UNMANAGEABLE PROPORTIONS, WE ESTIMATE THAT EXPORTS CANNOT BE MORE THAN 1.7 MILLION, AND MAY WELL BE LESS, SINCE COMESTIC CONSUMPTION MUST ALSO BE TAKEN INTO ACCOUNT. EVEN AT THE 1.7 MILLION RATE, EXPORT EARNINGS ON THE ORDER OF \$400 MILLION WILL BE LOST IN THE FIRST QUARTER. (SEE CARACAS 1020).  
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PAGE 03 CARACA 01639 01 OF 02 221120Z

## 2. STUDENT MARCH BRINGS VIOLENCE AND DEATH

A FEBRUARY 14 MARCH OF ABOUT 1,000 STUDENTS AND YOUNG PEOPLE IN SAN FELIPE, YARACUY STATE, DEGENERATED INTO A MELEE OF ROCK THROWING AND CAR BURNING, RESULTING IN ONE STUDENT'S DEATH, GIVE WOUNDED AND NUMEROUS ARRESTS. ALL REPORTS AGREE THE MARCH IN HONOR OF TWO STUDENTS SHOT TO DEATH IN 1976 BEGAN PEACEABLY WINDING THROUGH THE STREETS OF SAN FELIPE. HOWEVER, THERE ARE SEVERAL VERSIONS OF WHAT HAPPENED AS THE GROUP APPROACHED THE REGIONAL HEADQUARTERS OF THE ACCION DEMOCRATICA (AD) PARTY. ACCORDING TO ONE REPORT, THE STUDENTS, A BIT ROWDY BY THIS TIME, APPROACHED THE AD OFFICE AND WERE CONFRONTED BY PISTOL-TOTING AD PARTISANS WHO ATTEMPTED TO CHANGE THE ROUT OF THE MARCH. IN THE ENSUING FRACAS, SHOTS WERE FIRED RESULTING IN THE DEAD AND WOUNDED. ENRAGED STUDENTS DETROYED THE AD HEADQUARTERS, SET FIRE TO SEVERAL CARAS AND THEN MOVED ON TO RANSACK ANOTHER AD OFFICE. SCORES OF THE DEMONSTRATORS WERE EVENTUALLY DETAINED BY THE AUTHORITIES. THE AD VERSION DENIED THAT THEIR REPRESENTATIVES CARRIED GUNS AND ACCUSED

RADICAL LEFTIST ELEMENTS OF INFILTRATING THE CROWD AND TURNING THE MARCH INTO A RIOT. THE GUNS, IN THIS VERSION, WERE EITHER BROUGHT BY THE RADICALS OR STOLEN FROM THE BURNING CARS. THE GOV, MEANWHILE, STATES THAT NONE OF THE AUTHORITIES IN YARACUY USE BULLETS OF THE SAME CALIBER THAT KILLED THE STUDENT AND INTERIOR MINISTER LEPAGE SECONDED THE AD CLAIM OF RADICAL INFILTRATION. THE EVENTS IN SAN FELIPE HAVE SPARKED CONTINUING STUDENT DEMONSTRATIONS IN BARQUISIMETO, VALENCIA AND IN THE "23 OF JANUARY" BARRIO IN CARACAS, BOTH IN PROTEST OF THE KILLING AND GOV (READ AD) FAILURE TO MEET THE NEEDS OF STUDENTS IN VENEZUELA. COPEI HAS DEMANDED AN INVESTIGATION OF THE SHOOTING AND HAS CALLED ON THE GOV TO "DISARM THE AD GANG IN YARACUY."

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PAGE 04 CARACA 01639 01 OF 02 221120Z

3. JAPAN AND SPAIN CONTINUE SEEKING ECONOMIC OPPORTUNITIES IN VENEZUELA.

IN ADDITION TO THE VISIT OF MINISTER/PRESIDENT OF THE NETHERLANDS ANTILLES, SYLVIVUS ROZENDAL, THE GOV ENTER-TAINED HIGH-LEVEL VISITORS FROM SPAIN AND JAPAN. A 10-MEMBER-DELEGATION HEADED BY JUAN ANTONIO GARCIA DIEZ, SPAIN'S MINISTER OF COMMERCE, VISITED VENEZUELA FROM FEBRUARY 11 TO 15. THE MAIN TOPICS OF CONVERSATION: THE RAILORAD, THE PEGASO TRUCK PLANT AND THE ASTILLEROS ESPANOLES-COVINCA SHIPYARD, AS WELL AS THE POSSIBILITY OF COOPERATING IN THE FISHERIES INDUSTRY AND THE INCREASING PURCHASES OF VENEZUELAN CRUDE. THE DELEGATION MET WITH PRESIDENT CARLOS ANDRES PEREZ AND MINISTERS CARMELO LAURIA, ALVAREZ DOMINGUEZ AND VIVAS CASANOVA.

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PAGE 01 CARACA 01639 02 OF 02 180830Z  
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R 171801Z FEB 78

FM AMEMBASSY CARACAS  
TO SECSTATE WASHDC 1224  
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LIMITED OFFICIAL USE SECTION 2 OF 2 CARACAS 1639

4. ON THE OCCASION OF THE THIRD JAPANESE-VENEZUELAN ECONOMIC COOPERATION CONFERENCE (JAVEC), A 28-MEMBER JAPANESE TRADE MISSION ALSO VISITED CARACAS THIS WEEK. THE JAPANESE ARE DISCUSSING ASSISTANCE TO VENEZUELA IN THE STEEL AND PETROCHEMICAL INDUSTRIES, INTERNATIONAL MARKETING OF VENEZUELAN PRODUCTS; AN ELECTRONIC DATA PROCESSING CENTER TO TEACH COMPUTER SCIENCES; SEAFOOD DISTRIBUTION AND MARKETING; TRAINING MEDICAL TECHNICIANS; PLANNING AND ADMINISTRATION OF URBAN TRANSPORTATION, PORTS AND AIRPORTS; AND THE DEVELOPMENT OF VENEZUELA'S SMALL AND MEDIUM-SIZE INDUSTRIES. JAPANESE FINANCIAL INSTITUTIONS ARE OFFERING TO GUARANTEE THE MORTGAGE PORTFOLIO OF CORPOINDUSTRIA (A STATE-OWNED SMALL-BUSINESS FINANCING AGENCY) WITH CORPOINDUSTRIA, IN TURN, PARTICIPATING FINANCIALLY IN THE MOTORCYCLE MANUFACTURING PLANT THAT

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PAGE 02 CARACA 01639 02 OF 02 180830Z

YAMAHA MOTOR COMPANY IS PLANNING TO BUILD IN TACHIRA. THE JAPANESE-VENEZUELAN OIL TRADING COMPANY (JAVEN) REPORTEDLY IS INTERESTED IN INCREASING PURCHASES OF VENEZUELAN OIL FROM 10,000 BARRELS TO 50,000 BARRELS A DAY. PRESS REPORTS WENT ON TO SAY THAT JAPAN WOULD INVEST APPROXIMATELY US \$230 MILLION A YEAR IN VENEZUELA TO REDUCE THE TRADE IMBALANCE BETWEEN THE TWO COUNTRIES, (ABOUT \$600 MILLION IN JAPAN'S FAVOR). VENALUM, WITH 80 PERCENT VENEZUELAN AND 20 PERCENT JAPANESE OWNERSHIP, WILL EXPORT US \$200 MILLION WORTH OF ALUMINUM TO JAPAN IN 1978. MEMBERS OF THE DELEGATION MET WITH PRESIDENT CARLOS ANDRES PEREZ, MINISTER OF ENERGY AND MINES VALENTIN HERNANDEZ, MINISTERS ALVAREZ DOMINGUEZ AND ASPURUA, AS WELL AS THE PRESIDENT OF THE VENEZUELAN INVESTMENT FUND, VENEZUELAN BUSINESSMEN, REPRESENTATIVES FROM THE FOREIGN TRADE INSTITUTE AND THE SUPERINTENDENCY OF FOREIGN INVESTMENT.

5. MINISTER-PRESIDENT OF THE NETHERLANDS ANTILLES VISITS  
VENEZUELA

MINISTER-PRESIDENT SYLVIUS ROZENDAL OF THE NETHERLANDS ANTILLES HEADED A DELEGATION VISITING VENEZUELA FEBRUARY 13-17, FOR TALKS WITH PRESIDENT PEREZ AND OTHER GOV OFFICIALS. THE DELEGATION INCLUDED JUAN O. BIKKER, PRESIDENT OF THE NETHERLANDS ANTILLES PARLIAMENT; MINISTER OF FINANCE MAXIMO CROES; MINISTER OF ECONOMIC AFFAIRS, MAURITS LARMONIE; MINISTER OF LABOR, HUBERT SPENCER; AND THE DIRECTOR OF THE DEPARTMENT OF FOREIGN RELATIONS, ERIC KLIENMOEDIG. IN ADDITION TO TALKS WITH PRESIDENT PEREZ, ROZENDAL MET WITH FONMIN SIMON ALBERTO CONSALVI, THE PRESIDENT AND VICE-PRESIDENT OF THE CONGRESS, THE MINISTER OF MINES AND ENERGY, THE DIRECTOR LIMITED OFFICIAL USE

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PAGE 03 CARACA 01639 02 OF 02 180830Z

OF THE VENEZUELAN INSTITUTE FOR SCIENTIFIC INVESTIGATION, AND THE MINISTER OF PLANNING.

6. TLAKS CENTERD ON AN ACCORD FOR DELIMITING OF MARINE AND SUBMARINE BOUNDARIES BETWEEN VENEZUELA AND THE NETHERLANDS ANTILLES. THE MINISTER-PRESIDENT ANNOUNCED ON FEBRUARY 17 THAT AGREEMENT HAD BEEN REACHED ON THOSE BOUNDARIES, AND THAT THE ACCORD WOULD PROBABLY BE SIGNED IN EARLY MARCH, AT WHICH TIME THE FULL TERMS OF THE TREATY WOULD BE MADE PUBLIC. ROZENDAL, HOWEVER, DID NOTE THAT THE AGREEMENT CALLED FOR JOINT EXPLOITATION OF SUBMARINE RESOURCES THAT LIE WITHIN THE DELIMITED ZONE. HE ALSO ANNOUNCED THAT TENTATIVE AGREEMENTS HAD BEEN REACHED CONCERNING SLECTIVE IMMIGRATION OF SKILLED LABOR INTO VENEZUELA FROM THE NETHERLANDS ANTILLES, AND THE ESTABLISHMENT OF JOINT PRIVATE SECTOR ENTERPRISES THROUGH CORPOMERCADEO (THE VENEZUELAN AGRICUTLURAL MARKETING COPRORATION) AND FEDERAMRAS (VENEZUELAN CHAMBER OF COMMERCE). FINALLY, HE ANNOUNCED THAT PRESIDENT PEREZ WOULD VISIT THE NETHERLANDS ANTILLES AND AT THAT TIME THE TREATY WOULD PROBABLY BE SIGNED.

7. SUPREME COURT GRANTS CHANGE OF VENUE IN CATTLEMEN  
MURDER

THE SUPREME COURT FEBRUARY 15 ORDERED THE TRIAL OF TWO MEN ACCUSED OF THE DECEMBER 19, 1977 CONTRACT MURDER OF CATTLEMAN CLAUDIO CIFERRI TRANSFERRED FROM PORTUGUESA STATE TO CARACAS. THE EXTREME GRAVITY OF THE CASE AND THE COMPLICATED LEGAL ISSUES INVOLVED, STATED THE COURT, HAVE STIRRED THE NATIONAL COLLECTIVE CONSCIENCE. CIFERRI WAS AN OUTSPOKEN CRITIC OF CATTLE RUSTLING ACTIVITY IN

THE RANCHING-STATE OF PORTUGUESA. THE POSSIBLE INVOLVE-  
MENT OF LOCAL LAW ENFORCEMENT AND JUDICIAL AUTHORITIES  
IN GLOSSING OVER THE CASE APPEARS TO HAVE BEEN THE REAL  
REASON FOR THE CHANGE OF VENUE. A TRIAL OF 7 SSUPECTED  
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PAGE 04 CARACA 01639 02 OF 02 180830Z

CATTLE THIEVES WAS SIMILARLY MOVED TO CARACAS FROM  
PORTUGUESA FEBRUARY 19. (SEE CARACAS 1426)

8. OTHER REPORTING THIS WEEK INCLUDED THE CIFERRI MURDER  
CASE IN PORTUGUESA STATE (CARACAS 1426), THE PORT WORKERS  
JOIN THE BOYCOTT OF SHIPS CARRYING GOODS TO NICARAGUA  
AND OTHER LABOR ACTIONS (CARACAS 1427), ANTI-SOMOZA  
ACTIVITIES IN VENEZUELA BY NICARAGUAN EXILES (CARACAS  
1429), VENEZUELAN MARITIME BOUNDARIES (CARACAS 1432),  
BIOGRAPHIC DATA ON VENEZUELA'S NEW PERMANENT REPRESENTA-  
TIVE TO THE UN (CARACAS 1486), TRAVEL OF VENEZUELAN  
INSITITUE OF HIGHER NATIONAL DEFENSE SUTDIES ( CARACAS 1500),  
THE FIRST MEETING ON THE UN OVERVIEW (CARACAS 1587),  
BILATERAL ENERGY TALKS: SCHLESINGER-HERNANDEZ MEETING  
(CARACAS 1382), GOV REQUEST FOR TRADE STATISTICS (CARACAS  
1526), VENEZUELA IN THE MTN AND UN OVERVIEW (CARACAS  
1524), IMPORT RESTRICTIONS ON AUTOMOBILES (CARACAS 1552).  
VAKY

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## Message Attributes

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